

Before the Arbitrator Nancy D. Powers

In the Matter of:
Belmond-Klemme Community
School District, Employer

Fact-finding Recommendation

And

Date: March 15, 2005

Belmond-Klemme Education
Services Association

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PUBLIC EMPLOYMENT
RELATIONS BOARD

Appearances

For the Employer: Bill Maske
Superintendent
Belmond-Klemme CSD
411 10th Av. NE
Belmond, IA 50421

For the Association: Jo Ann Mackin
Iowa State Education Association
P.O. Box 402
Hampton, Iowa 50441

Hearing: Belmond, Iowa March 4, 2005

Statement of Jurisdiction

The Belmond-Klemme Education Services Association represents the approximately 50 non-teacher employees of the Belmond-Klemme Community School District. This is the second round of bargaining for these employees who were certified in 2002. The parties negotiated their first collective bargaining agreement in 2004 which included a retroactive contract for the 2003-2004 school year and an agreement for the 2004-2005 school year. The B-K Community School District Administration and the B-K

Education Services Association have engaged in collective bargaining for a 2005-2006 contract. After reaching impasse, they utilized mediation provided by the Iowa Public Employment Relations Board. When an agreement was not reached, the Association sought Fact-finding under Chapter 20.21, Iowa Code. The undersigned was selected by the parties from a list of fact-finders provided by the Iowa PERB to hear the case. A hearing was conducted on March 4, 2005 in Belmond, Iowa. Both parties had an opportunity to provide evidence and argument in support of their respective positions.

There was a dispute over whether a proposal for a tax sheltered annuity by the Association was a permissive or mandatory subject of bargaining. An expedited negotiability determination was sought by the Fact-finder from the Iowa Perb.

There was an additional dispute over whether three day-care employees are members of the bargaining unit. This is an issue which is inappropriate for a fact-finder to determine. The parties will have to seek resolution of this issue from the PER Board.

Statement of the Facts

Belmond-Klemme Community School District (hereafter B-K) is located in north-central Iowa encompassing the towns of Belmond (2560 population), Klemme (221), Goodell (174) and Rowan (218), Iowa and surrounding areas. The District consolidated in 1994 and has continued to suffer declining enrollment as many rural districts in Iowa have done. Currently there are 765 certified students enrolled. The largest area employers are Eaton Corporation with 568 employees and Printing Services, Inc. with 220 employees. Both are located in Belmond. The B-K is the third largest employer with 123 employees.

In the recent past, prior to collective bargaining for the support staff, the District adopted a consultant's recommendation concerning terms and conditions of the support staff. The recommendation contained a salary matrix for the staff. It contains 8 steps, the first four of which are 2% increases, the last 3 of which are 3% increases. Employees move along the steps every two years until they reach the fifth step where they progress after three years. At the sixth and seventh steps, they progress after 5 years. There are seven wage classifications of employees. The cost to "age the schedule" is approximately \$7,780 (or .93% of the total unit costs), with half of the bargaining unit receiving increases. Currently eighteen employees take single coverage health insurance. No one takes family coverage.

Relevant Statutory Provisions

The Iowa Public Employment Relations Act – Chapter 20.21, Iowa Code governs the fact-finding process and establishes the fact-finder's responsibilities. It states:

If the impasse persists ten days after the mediator has been appointed, the board shall appoint a fact-finder representative of the public, from a list of qualified persons maintained by the board. The fact-finder shall conduct a hearing, may administer oaths, and may request the board to issue subpoenas. The fact-finder shall make written findings of facts and recommendations for resolution of the dispute and, not later than fifteen days from the day of appointment, shall serve such findings on the public employer and the certified employee organization.

The Iowa Public Employment Relations Act – Chapter 20, Iowa Code also sets forth the criteria to be used by neutrals in fashioning a recommendation for settlement of the dispute:

... The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

It is with these criteria in mind that I make my recommendations.

Statement of the Parties Positions

The issues for determination include: wages and health insurance. The Association has proposed a 4% increase in the base and a 4% increase in the trip payment for bus drivers. The Association wants the Employer to contribute \$369 for single coverage and \$536 for dependent coverage for health insurance. In addition, the Association wants the District to provide a \$50 monthly payment for a tax-sheltered annuity to employees who work 30 hours or more and do not elect dependent health insurance. The Association's proposal represents 11.23% package increase.

The District proposes no pay increase beyond the step increase provided to some unit members in the current contract. The District proposes a \$10 increase in the District's contribution to single health insurance coverage. Along with some adjustments agreed to in negotiations, the District's proposal represents a 2.17% package increase.

Position of the Association

The Association contends a 4% wage increase is appropriate for these employees. The fact that the support staff are the lowest paid employees of the district means that the percentage increase results in much lower real dollar increases than when percentages are applied to more highly paid staff. Yet these employees are faced with the same cost of living, including purchasing health insurance for their families.

The B-K support staff wages are not the highest in the conference. When you include health insurance premiums, their total compensation falls way behind the other schools. B-K teacher's salaries compare more favorably within the athletic conference than the support staff. The B-K proposal is in line with historical base increases in the B-K district. Neither the B-K teachers or administrators have ever taken a wage freeze as proposed by the District.

The Association argues that the trip pay for bus drivers should also be increased 4%. While B-K's first hour rate is higher than other bus drivers in the conference, the hourly rate for the remaining hours is second lowest or \$1.12 below the average. Historically, trip pay has increased along with bus driver's wages. It has not increased for the last 3 years.

Health Insurance

Currently the District contributes \$250 per month per employee to single health insurance coverage. The District contributes \$288 per month toward family health insurance coverage. Currently, 18 employees take the single coverage and no one takes family insurance. The premium for single coverage is \$368.29. The family premium is \$1103.32. The Association proposes to increase the Employer's contribution to health insurance to \$369 for single coverage. The Association proposes that employees who

want to take family coverage should receive an additional \$167 toward family coverage (the amount the teacher's receive).

In addition, the Association proposes a \$50 per month payment to employees who work more than 30 hours per week and do not take family health insurance coverage, to be used for a tax-sheltered annuity. This would affect 18 employees who take single coverage and 14 employees who do not elect health insurance coverage. The B-K Teachers bargaining unit receives a \$167 per month for all teachers which can be applied to family coverage or a TSA.

The Association points out that the support staff enjoyed parity with the teacher's bargaining unit on health insurance for many years until the 2000-01 school year. At that time, the teacher's unit negotiated additional employer contributions each year which resulted in the current spread of \$286 (for single coverage).

The Association maintains that its proposal would provide equity for the support staff when comparing them to other employees in the B-K district as well as other support staff in schools in the athletic conference.

The other athletic conference schools, two of which engage in statutory collective bargaining, all provide greater insurance premium payments than B-K. Garner-Hayfield and Osage both pay the full premium for single coverage. Both pay part of the dependent premium and Osage provides a \$30 TSA. The remaining conference schools pay the full single coverage premium and two others pay part of the dependent premium.

The Association points out that the average insurance contribution for the 67 support units represented by the Iowa State Education Association is \$395.29. The average dependent contribution for the group is \$140.75.

Currently, the B-K employee who takes single health coverage pays an additional \$118.29 per month out of pocket for the \$1000 deductible RX1 policy. Known 28% increases to the premium for 2005-06 will require the employee to pay \$216.58 out of pocket for the same policy.

Position of the Employer

The District argues that it is suffering declining enrollment as a permanent condition which places the District in economic jeopardy requiring conservative, prudent financial choices. Since 1997-98, the District has lost 207 students. Beginning in 2003-2004, the District states its expenses have exceeded revenues because of little or no new revenue and rising costs. The District claims that the financial status of the school district will be a crisis by the end of 2007 with a negative undesignated/unreserved balance and solvency ratio. The current property tax rate for district taxpayers is 15%¹. This rate is the 5th highest rate of 19 area schools, according to the District. Two bond issues to build a new elementary school failed in 2004.

The District argues that in four out of the last six years, the support staff has chosen to not put money towards health insurance. Package Settlements have ranged as follows: 04/05: 3.51%; 03/04: 3.98%; 02/03(prior to bargaining under the PER Act): 4.14%; 01/02: 4.94%; 00/01: 5.28%.

The District has proposed no wage increase other than the 2% step increases one-half of the bargaining unit will receive. The District proposes to increase its contribution towards health insurance \$10. The cost of these changes as well as other minor adjustments agreed to by the parties would total 2.18% or \$18,286.76 in increased costs.

Discussion and Conclusions

¹ The Association asserts the rate to be 14.56%

The Iowa PER Act requires the Fact-finder to make a recommendation to settle the bargaining dispute. The criteria used for arbitration awards (set out above) is the same criteria I will use to make my recommendation.

While the B-K Administration does not claim an inability to pay any wage increase, the District argues that it is in dire financial straits, that it has received no new money for the last four years and anticipates the pattern to continue because of declining enrollment. With 4% allowable growth for 05/06 from the legislature, B-K will come out with a regular program budget of about \$300 less than 04/05 (\$4,037,350). Yet, it has built up an unspent balance of \$1.6 million from a beginning point of \$224,000 when consolidation occurred in 1994. This unspent balance is backed up with \$1,421,652 (including 03/04 instructional support surtax received after June 30) in cash and investments. There is no question that the Board and Administration have budgetted frugally and are trying to make the best of a bad budget situation.

At the same time, the District has funded package increases of 5.28% for this unit and bus driver increases of 8% during this same difficult period. The question is more what a fair and equitable settlement for this unit should be. One must look at both wages and insurance when assessing the most appropriate recommendation to settle this dispute.

In the Athletic conference, every other school's support staff receives single health insurance paid by the employer. Of the six other schools, two are organized and bargain collectively. Some of the other schools exclude bus drivers from insurance coverage (Garner-Hayfield, North Iowa) and one (Forest City) provides only \$90 per month for bus driver's insurance coverage. The premiums paid by these schools range from \$332.99 at North Iowa to \$466.89 at Garner-Hayfield. Four of the schools provide

contributions toward family insurance ranging from \$413 to \$43.54. One school provides a \$30 TSA to employees who take single coverage.

This contrasts sharply with B-K's health insurance contribution of \$250 per month. Only 18 members of the bargaining unit take single insurance. The parties did negotiate a \$100 per month District contribution towards single coverage health insurance for bus drivers in 2004-05 to be increased to \$200 per month for 2005-06. The Association wants to increase the employer's contribution to \$369 (the current middle-plan premium) plus a \$50 TSA for all employees working more than 30 hours per week who do not take family coverage. They want employees who take family coverage to receive a contribution of \$536 per month, a \$49,704 increase. The District's contribution to health insurance premiums must be increased, particularly since the known increase in premiums for 05-06 is 28%, the relevant question is what should be the amount of increase?

The employees in the B-K support staff bargaining unit are paid about average in comparison to other support staff employees in the North Iowa Athletic Conference with aides being the highest paid among the conference and cooks and custodians being paid below the average. When insurance contributions are figured in to the equation, there is a major gap between B-K and other conference school support staffs receive in combined wages and insurance.

Teachers at B-K except for beginning pay, fare very well in comparison to other districts in the conference. They fare even better when insurance is also taken into account.

The base wage for the support staff has increased over the last seven years anywhere from 1.63% (in 04-05) to 4% (in 98-99) with an average increase of 3.25%.

With all these factors under consideration I can make several observations. First, while the District has experienced "tight" budgets in the past, it has agreed to reasonable wage increases for its employees and has managed to accumulate a large budget surplus. It has financed these wage adjustments somehow, I suspect in turnover savings.

Second, the District will have to come to grips with its darkening financial picture in a way that does not force its employees to "subsidize" education by taking a less than "fair" wage and benefit package – unless everyone in the District agrees to make such a sacrifice.

Third, the bargaining unit has a ways to go to approach the health insurance package provided teachers and administrators at B-K, as well as support staff in other conference schools. It cannot expect to make all this catchup in one bargaining year.

For the 2005-06 collective bargaining agreement, I recommend a 2% base increase, an increase in the single health premium contribution of \$50, an increase in the dependent health premium contribution of \$62 to settle this dispute. I recommend no increase for trip pay and no TSA. Total package is a \$41,144 increase or 5.13% total package increase according to the Association's costing formula which leaves out the cost of the disputed day-care employees.

This recommendation is not out of line with the few settlements that have been reported at this point in the "bargaining season" in Iowa. No support unit settlements have been reported. Only six teacher units have been reported. They range from 6.5% to 4% with from 1% to 6.34% new money.

This recommendation will begin to bring the unit's health insurance premium contribution up with the teachers unit and other schools in the athletic conference, while not penalizing the half of the unit that does not get an "automatic" step increase. It will also provide an increase to those part-time employees (the lowest paid) who do not enjoy any fringe benefits.

The recommendation is also not out of line with previous settlements with this unit. In 00-01, the District agreed to a 5.28% total package increase which was 1.28% above what it settled for with the teacher's unit. So this settlement will not establish a new "precedent" for a settlement with the certified teaching unit.

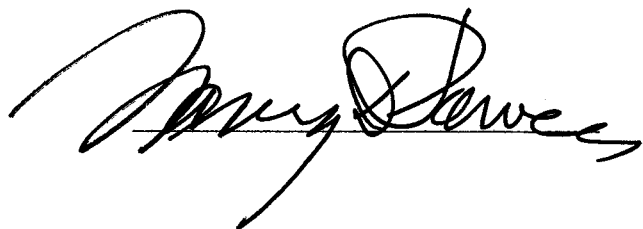
I make a recommendation that the increase in the trip pay and tsa wait for another bargaining day. The bus drivers are getting a \$100 increase in the health insurance premium contribution and their trip pay stacks up well with other conference schools. The TSA is a "luxury" in comparison to the other issues on the table that need addressing.

Fact-finder's Recommendations

A 2% base increase.

A \$50 increase in the single health insurance premium. A \$62 increase in the dependent health insurance premium.

No other changes to the contract except those already agreed to by the parties.

A handwritten signature in dark ink, appearing to read "Amy DeWees", is written over a horizontal line.

Dated: March 15, 2005